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NECESSITY FOR MAINTENANCE OF LABOR STANDARDS DURING DEMOBILIZATION

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AS Dr. Ogburn said, if nothing can be done there is no use talking about it. I believe that there is an acute temporary situation of depression ahead of us which can be properly met if proper steps are taken. It was with a sense of somewhat modified relief that I heard Dr. Ogburn make the statement that the national policy in regard to reconstruction and maintaining of standards of living was weak. That at least implies that there is some policy, whereas after two or three months' investigation I had almost come to the conclusion that there was no policy, and in this I feel somewhat sustained by the President's message.

The effect of the war especially upon the status of labor in this country was generally unexpected. So far from following the widely expressed theory of the days of Hague conferences, labor, so far as the United States is concerned, not only did not bear the immediate burden of the war—it prospered and in some cases grew perhaps unrighteously fat. For the most part it received a higher wage, especially a higher family wage, whether the rate is measured in terms of gold, potatoes or phonographs. The standard of shorter hours—the eight-hour day—received recognition. A genuine attempt was made to improve working conditions and conditions of life generally in all war industries. More important, the ideas of conferences between employers and employees, the idea of the workman's identity with the works, showed signs of being accepted as founded upon a just principle, and as a practicable theory. Surely it cannot be said that in procuring these things labor was guilty of a vast blackmail upon the necessities of the country. For the most part there was a belated recognition of things which ought to be done as a matter of right. Before the war these things were painfully fought out, item by item, shop by shop, trade by trade. Then came the war, and adjust-

ments were made with a rush, because there were more important things to consider. Employers and employees for the most part left it for somebody else to say what should be done for the good of all. Whether that somebody else—usually the government—decided justly or unjustly is not the important thing—the point was that arbitration was agreed to, and obeyed. Striking workmen in Bridgeport meant dead Americans in France—therefore they must not strike, once they were granted what someone, rightly or wrongly, decided was just. And if in some cases too much was granted, it does not change the fact that most of the gains of labor have come to be recognized as justified and right.

These gains of labor were made possible, however, by the certainty of industry. There was an insatiable demand for a concentrated product—war material; the market was unlimited. Whatever legitimate costs might figure in production were cared for in the prices paid.

This condition of unlimited demand has now ceased. Simultaneously we now face the cancellation of billions of dollars' worth of contracts (over three billions have already been cancelled), the consequent displacement, temporarily at least, of an indefinite number of workers, and the rapid demobilization of most of our four million soldiers. More serious than this, we are facing the cancellation due to uncertainty of an undefined but enormous number of private orders for the ordinary products of peace time which have been accumulating during the past two years and postponed for the production of war material. With this comes naturally a hesitancy to purchase upon what is regarded as a certainly falling market. And lastly, Mr. Barr states that labor can now take its dirty hands out of the dining room, and eat, if at all, in the kitchen, and receives the reply that labor will stay right in the dining room and eat what it has been eating, whether there is anything to eat or not. What the results of this flood of unhappy circumstances may be is of course not to be predicted. In some instances the ancient and overworked law of supply and demand will undoubtedly be invoked to authorize a drive on labor. But there are many circumstances which will combat any conscious effort to do this, even in the confusion of the next four or five months.

In the first place, a very respectable portion of labor is working under government supervision, and under established standards—possibly two millions in the railroads, half a million in the telegraph and telephone, cable, radio and express service, half a million in the shipyards, *etc.* This fact will have a very considerable influence upon the standards adopted elsewhere. Many private enterprises have also announced their intention of maintaining present standards.

Furthermore, there is the realization that there is no physical reason yet apparent why this country should not proceed with increased productivity for several years to come. The desires of the past two years for everything but essentials, and for some essentials, have gone unsatisfied and have accumulated. So staple a commodity as yellow pine lumber, for example, has been produced at only 65 per cent of its former rate. Nothing except the ability to purchase is needed to convert these desires into an actual demand. If credit can be arranged, the demand abroad for the products of this country will also be enormous, and it is confidently expected that credit will be arranged.

But since the cancellation of war contracts and the demobilization of the men is being conducted with little regard to the requirements of industry or the labor situation, and since the certainty of market, which characterized the war production, is now gone, and the demand for peace-time production, however extensive, is as yet indefinite and uncertain, there is likely to be a surplus of labor, or rather a confusion of unplaced labor, before the winter is over. This is likely to be so, no matter how bright the prospects for a tremendous demand for our products may be. And this in turn will mean competition for places and a lowering of wages more rapid than the decline in the cost of living; eventually it would mean bitterness and strife and a loss of much or all that has been gained during the war. The effect of all this upon the labor which has remained in this country, and has at least had the opportunity to save up something against a temporary depression would be sufficiently undesirable. But more important is the effect which it will have upon the men returning from abroad. To them it will seem as though the supposed laws of economics could be suspended easily enough while they were

away fighting for a dollar a day, and while the workers in the shipyards were receiving ten or twelve. They will doubt whether these same laws cannot also be suspended for a while after their return, in order that they too may have some share in the prosperity. Those of them who think, will wonder whether the high idealism which we fling over Europe is reserved for foreign use only, or whether some of it cannot be adapted to our domestic economic relations. And if it cannot, it means—not the hobgoblin of Bolshevism, but a reversion to antipathies between employers and employees more intense than they were in 1914.

I believe that the conditions of unemployment and suffering upon which any such reversion of feeling would be predicated can be avoided even now by proper action. It cannot be avoided by any so comparatively simple expedient as the establishment of a minimum wage, or other inactive government control, but by the adoption of a sane policy of distributing labor, encouraging industry, and providing temporary employment over this most abnormal period.

Primarily, the remaining demobilization should occur with reference to the industrial needs of the localities to which the soldiers are, or desire, to return. To this end, the Department of Labor, in co-operation with the War Industries Board, is preparing from week to week a labor barometer, showing the anticipated immediate needs of industry throughout the country. This compilation is prepared from telegraphic data furnished by the local community boards of the employment service, from trade journals, and from other available sources of information. From it can be determined the anticipated percentage of increase or decrease in the labor requirements of any community, from week to week. It is constantly available to the War Department, for use both with reference to the cancellation of war contracts, and, as soon as the employment situation seems to become dangerous in any community, for the purpose of preventing any aggravation of the situation by retarding the demobilization of troops of that community. This expedient would merely prevent confusion by providing for the demobilization of troops where they will be most easily assimilated—it would not in any way prevent a widespread unemployment.

There is, however, one great possible reservoir of temporary employment which could be made available, at least as soon as the winter is over. I refer to the immense amount of public work, municipal, state, and federal, which has been suspended or prevented because of the war, and also to new public work, productive in its nature, which might wisely be provided, if unemployment exists. To this I especially direct your attention, since if provided in sufficient quantities, and under proper conditions, it seems to me the logical safety valve with which the situation, however it presents itself, can be made reasonably safe.

This "buffer" employment is of many kinds—national and state roads, waterways, delayed railroad work, irrigation and farm reclamation, streets, municipal utilities, *etc.* The amount of this public work which has been delayed or suspended is estimated at between three and four hundred million dollars. There have accumulated before the Capital Issues Committee applications to issue municipal bonds to the amount of eighty million dollars. New work, planned by the several states, contemplates the expenditure of over three hundred millions. Necessary railroad construction is very large. The estimates of the various city and state officials with whom I have communicated show that from 45 to 65 per cent of these expenditures will go directly to labor. That may be a little high. I am inclined to believe it would be more nearly between 40 and 60 per cent. There is probably nearly a billion dollars, exclusive of railroad work, available in present municipal, state and federal projects under contemplation for 1919. If this public work is no longer delayed, and if in addition, the federal government will provide for substantial appropriations for such projects as Secretary Lane's plan of reclaiming land for returned soldiers, and for the further building of roads in co-operation with the states, the employment situation of next spring will be much relieved. The conference of the governors of the several states, which I understand is to be held in Annapolis this month, will undoubtedly consider plans of uniform legislation and co-operation between the states and the federal government, to make this employment available when it is most needed.

I realize that there are serious considerations involved in

this matter of using up at this time available credit for public expenditures, which might otherwise go into private enterprise. The possibility of additional taxation at this time is also serious. On the other hand, the situation is abnormal and temporary, and the provision to be made is for the last of the war conditions. But in any event, provision for the expenditure of any unusual appropriation should be made elastic, so that it would be available only if unemployment exists. Furthermore, it should be only for *productive* purposes—it is essentially a different matter whether the limited supply of credit is used to secure the building of a road, over which farm produce may be transported in winter, or to purchase land for park purposes and improve park property. The former has a direct and immediate return to the state; the latter has not. This possible solution of making public work available as quickly as possible seems to have substantial backing in many quarters. The trouble with it is that it will in large part require immediate and yet carefully considered legislation and appropriations both by Congress and the several states, as well as by municipalities. Its importance, as insurance, makes it deserving of more assistance than the mere passage of resolutions.

In the foregoing, it is assumed that if sufficient employment under proper conditions exists, the temper of the country will compel a maintenance of present labor standards, not necessarily the maintenance of high wages without regard to purchasing power, but the maintenance of the principles by which adjustments can eventually be secured according to justice instead of according to the relative strength of the parties. At present undoubtedly there is a great deal of labor occupying more responsible positions in industry than it is fitted for. Presumably, when other labor is discharged from munition plants, and the soldiers return, they will force out the less fit, who will in turn fill the less attractive positions which may be left open. This will mean no loss of standards, but merely a proper adjustment.